

Exhibit 6-I

DIA Memo Regarding Impact on Detroit Economy and Residents (May 2013)

Detroit Institute of Arts
Impact on Detroit Economy and Residents
May 2013

Background

- Established in 1885, the Detroit Institute of Arts (the “Museum”) is at the heart of Detroit’s cultural center. It offers groundbreaking educational and interpretive programming.
- The Museum is among the top six comprehensive fine arts museums in the United States.
- The Museum is a major contributor to the State’s and, particularly, the City’s, menu of tourist attractions and significantly enhances the quality of life in the City and southeastern Michigan.
- In 2012, in a display of regional support for the Museum, the City, the region and the State, three counties approved a ten-year millage that is expected to generate more than \$20 million a year for the Museum’s operation.
- The Detroit Institute of Arts, Inc., a not-for-profit corporation (the “DIA”), has managed the Museum since 1998 under an Operating Agreement with the City. The current term of the Operating Agreement is twenty years.

Visitors and Economic Impact

- The Museum draws more than 500,000 visitors each year.
- Nearly 195,000 residents from Macomb, Oakland and Wayne counties have visited the Museum since it instituted free admission in August, 2012. The increased traffic improves relations between the City and suburbs and encourages spending in the City.
- The Museum presents two major special exhibitions annually, which draw about 100,000 people into Detroit, where they supplement their visits with meals and drinks at local bars and restaurants. In the past 16 months the Museum has presented *Rembrandt and the Face of Jesus* (115,000 visitors) and *Faberge: The Rise and Fall* (90,000 visitors).
- The Museum has over 30,000 members and 700 volunteers and approximately 300 employees, more than half of whom live in the City and pay City income tax.
- The DIA spends in the range of \$4.5 million with Wayne County vendors, giving preference to Detroit-based, minority- and woman-owned vendors.
- The DIA currently purchases power from the Public Lighting Department (projected at \$1.2 million in 2013) and water from the Water and Sewerage Department (projected at \$200,000 in 2013).

- The Museum is among the cultural amenities necessary in attracting new businesses and residents to Detroit. Dan Gilbert, widely regarded as responsible for and critical to the revival of the Detroit-based business community, and leaders of Detroit's other significant employers, regularly cite the Museum's presence as critical to their recruitment and retention efforts.

Effect on Midtown

- The Museum is the cultural anchor of Midtown Detroit. The planned M1 light rail line would pass directly in front of the Museum with several stops within walking distance.
- As proven by Dan Gilbert's approach to the development of the City's business corridor, critical mass is an essential element of comprehensive improvement. The Museum brings people to the City, contributing greatly (even beyond dollars spent) to the critical mass that is necessary for real economic change.
- The DIA donated five historic houses on Ferry Street and assisted in their conversion to the "Inn on Ferry Street," a neighborhood bed and breakfast. The DIA donation helped to stabilize the neighborhood, preserve five beautiful buildings and introduce a new amenity to Midtown Detroit. The properties are now fully managed by Midtown, Inc. The DIA is engaged with Midtown, Inc. in a variety of programs to stabilize the Midtown neighborhood.
- The DIA maintains the sculptures in the sculpture garden on the campus of the College for Creative Studies, across the street from the Museum.

Detroit Children and At-Risk Populations

- The Museum regularly presents exhibitions highlighting positive aspects of Detroit. Two recent photography exhibitions – *Detroit Revealed* and *Motor City Muse* – involved Detroit-based artists and earned critical acclaim. *Detroit Revealed* launched a community-based program called Reveal Your Detroit, which engaged 50 community and neighborhood groups in a photography program and exhibition so that they could "reveal their Detroit." Wayne State University Press is publishing a book on the project in September.
- This year marks the 76th anniversary of the Detroit Public Schools Art Exhibition presented and promoted by the Museum.
- The Museum provides free admission and transportation to Detroit school children and free admission to Detroit and Macomb, Oakland and Wayne counties residents.
- Through the Art Discovery Program, the Museum provides a comprehensive art program to Detroit elementary schools that have completely eliminated their arts programs. Over 8,000 students have participated in the program.

- The Museum is the home performance venue for Mosaic Youth Theater, a program engaging young Detroiters in all aspects of stagecraft and performance.
- The Detroit City Chess Club, serving school-age chess enthusiasts, meets each Friday night at the Museum for practice and competitive events.
- The Museum uses art-making to reach under-served individuals in Detroit, assisting in their transition to more stable living situations. Currently the Museum provides programming to veterans at the Dingell Veterans Hospital, clients of Mariner's Inn, a local rehabilitation facility, and patients at Children's Hospital in Detroit. Other organizations rotate through the program periodically.

Building Maintenance and Improvements

- The DIA maintains the Museum building and grounds and two surface parking lots without financial support from the City.
- The DIA spent approximately \$170 million locally in connection with the Museum's 2007 re-opening (including asbestos abatement and critical maintenance) and expects to provide substantial additional capital improvements in the coming years.
- In 2012, the DIA received a grant from ArtPlace America, promoting creative place-making to attract new residents and development. The project will transform both interior (Kresge Court) and exterior (Woodward South Lawn) spaces to make them more welcoming and user-friendly for local residents and visitors. The interior project and phase one of the exterior project will be completed in June 2013.

Financing of the Museum's Operations

- Until as recently as 1990, the State and the City provided the majority of the funds necessary to operate the Museum. When the Operating Agreement was entered into in 1998, the State still covered 30% of the Museum's operating budget. Government funding diminished over the next decade, and by 2012, neither the State nor the City funded any portion of the Museum's operating budget. Since then, the DIA has provided all funding for the Museum's operations.
- Faced with the loss of government funding, the DIA took painstaking efforts to reduce its operating costs by 25% (2009) and to seek new private sources of revenue, but still faced an annual budget gap of approximately \$10 million.
- To close this gap, the DIA conducted ongoing fund-raising campaigns, which were hampered by external economic factors, increasing demands on the philanthropic community from all sectors and donor fatigue.
- After careful study, the DIA launched a successful millage initiative in 2012, resulting in the citizens of Wayne, Oakland and Macomb Counties providing, through property taxes, more than \$20 million annually for the next ten years solely for DIA's use

operating the Museum. The millage and the Museum funding terminate if the Operating Agreement between the City and the DIA terminates.

- Even with the millage, the Museum continues to face significant financial challenges and has no excess cash. Together with continued donor support, the millage proceeds will support current operations, allowing the DIA to focus its efforts on building endowment support with the goal of achieving a permanent solution to the Museum's financial difficulties.

Sale of Art from the Collection to Satisfy City Obligations

- Under the DIA Operating Agreement, the DIA's Collection Management Policy and American Alliance of Museums Code of Ethics and the Association of Art Museum Directors Policy on Deaccessioning, sale of any of the Museum collection is permitted only if the proceeds of such sale are used to improve the collection, not for any other purpose, such as to support the museum operations or capital improvements or to fund other needs of the City.
- Donor instruments, expressions of donor intent, Michigan law and the overarching public trust under which the museum was established and has been maintained since its inception proscribe sale of any of the collection for any non-Museum purposes.
- Museum attempts to disregard the public trust and sell art to "save" an institution or for some other so-called "legitimate" or "urgent" purpose have been met with public outrage, a chilling (perhaps freezing) of private-sector support and expulsion from the art world, resulting in cancellation of the sales, even where the proceeds were to have been used to benefit the museums that exhibited the art. [Do we have specific examples for this?].
- If art from the Museum collection were sold in contravention of the applicable agreements, accreditation standards and public trust, the following could be expected to occur in short order:
 - Loss of accreditation for the Museum, art and cash donations, and millage proceeds
 - Loss of critical staff with no ability to attract new staff to the non-accredited, ostracized museum
 - Expulsion of the Museum from the museum world, making participation in and hosting exhibitions impossible, resulting in additional lost revenue)
 - Claims under applicable donor agreements
 - Significantly reduced numbers of visitors
 - Termination of the City-DIA Operating Agreement ...
- Leading to:

- Loss DIA financial support (in addition to the lost millage proceeds), jobs, tax revenues, area business revenues, and critical mass of visitors and residents
- Saddling the City with 100% of the Museum operating, maintenance and improvement costs
- Termination of educational benefits, creating additional costs to the Detroit Public Schools or further impoverishment of school programming
- Degradation of the midtown area, including the cultural center, Wayne State University campus and medical center
- Ultimately, the closing of the Museum, leaving the City saddled with the costs associated with maintaining, securing and conserving a closed building and the remaining collection items, which are estimated to be \$6 million or more per year (increasing as the building ages).